

March 27, 2002

VIA HAND DELIVERY

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, Massachusetts 02110

Re: *Western Massachusetts Electric Company*, D.T.E. 01-99

Dear Secretary Cottrell:

Western Massachusetts Electric Company ("WMECO") submits this letter to the Department of Telecommunications and Energy ("Department") in the above-referenced proceeding in lieu of a reply brief. In view of the settlement agreement entered into between WMECO and the Attorney General ("Settlement Agreement") (appended hereto), submitted to the Department by the Attorney General on March 20 along with his letter brief, WMECO has only the following brief comments.

The Attorney General has now stated that, based on the positions that WMECO had agreed to and the Memorandum of Understanding between a number of parties filed with the Public Service Board in Vermont, he does not oppose WMECO's request for any and all approvals in D.T.E. 01-99 (Settlement Agreement, p. 2). The Attorney General has further stated that "the Attorney General has not identified any issues which require further comment...." (Attorney General Brief, p. 2).

Accordingly, the Attorney General does not oppose the approvals, including the ratemaking approvals, that WMECO requested in its November 19, 2001 filing. WMECO has requested that the Department find that:

(a) WMECO's 2001 Amendatory Agreement is consistent with applicable law, including relevant portions of the Restructuring Act and WMECO's approved restructuring plan, is in the public interest, and will result in just and reasonable rates for WMECO's customers.

(b) WMECO's decision to enter into the 2001 Amendatory Agreement is consistent with its obligation to mitigate to the maximum extent possible, pursuant to the Restructuring Act, the total amount of transition costs relating to WMECO's obligation to the Vermont Yankee Nuclear Power Corporation,

(c) the costs associated with the 2001 Amendatory Agreement shall be included in and recovered as part of the transition charge.

Subsequent to the issuance of the findings indicated above, and the closing of the sale of the Vermont Yankee nuclear station, upon which the 2001 Amendatory Agreement is predicated, WMECO will begin tracking actual costs and revenues under the 2001 Amendatory Agreement. These true-ups will be presented in WMECO's annual Transition Charge Reconciliation proceeding. At that time, the Department and intervening parties will have the opportunity to ensure that all costs relating to the 2001 Amendatory Agreement are properly reflected and accounted for in WMECO's transition charge. This is the same type of examination as is afforded transition costs flowing from any other approved contract. WMECO has no issue with such an inquiry.

In his letter brief, the Attorney General commented that "[c]onsistent with the Department's custom and practice, the ratemaking treatment of the divestiture will be an issue for WMECO's transition costs reconciliation proceeding" (page 2). Because: (1) WMECO has requested, and the Attorney General has not opposed, ratemaking treatment relating to the 2001 Amendatory Agreement in this proceeding (see requested findings (a) through (c), above); and (2) WMECO has not requested approval of the divestiture of the Vermont Yankee nuclear plant (an issue exclusively within the jurisdiction of the Federal Regulatory Energy Commission (see WMECO Initial Brief, p. 4)), WMECO believes that the Attorney General's comment must be viewed as ensuring only that the costs associated with the 2001 Amendatory Agreement will be reviewed in Transition Charge Reconciliation proceedings as indicated in the above paragraph. WMECO further believes that this interpretation is the only possible meaning consistent with the Settlement Agreement.

Accordingly, based on the record in this proceeding and the Attorney General's position set forth in the Settlement Agreement and in his letter brief, WMECO requests that the Department make the findings (a) through (c), as set forth above. There is no evidence in this proceeding upon which to base different findings and there is no party in this proceeding advocating any different findings. In addition, WMECO requests that the Department issue its decision in this matter expeditiously in light of the expected sale of the Vermont Yankee nuclear plant later this Spring.

Thank you.

Very truly yours,

Stephen Klionsky

cc: Jesse S. Reyes, Hearing Officer (2 copies)
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